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FACILITIES CORPORATION
Board of Directors
Annual Meeting Notice

Notice is hereby given that the annual meeting of the Board of Directors of the Nebraska State Colleges Facilities Corporation will convene at Wayne State College, Wayne, Nebraska on November 13, 2008 at 8:30 a.m. This notice and accompanying agenda are being distributed to members of the Board of Directors, the presidents of the state colleges, the Associated Press and selected Nebraska newspapers.

**Board of Directors
Nebraska State College System Facilities Corporation**

Membership List

Mr. Bill Roskens
Omaha, NE

Mr. Larry Teahon
Chadron, NE

Mr. Cap Peterson
Wayne, NE

Mr. Gary Bieganski
Chadron, NE

Mr. Floyd Vrtiska
Table Rock, NE

Ms. Michelle Suarez
Lincoln, NE

Ms. Marge Harouff
Lincoln, NE

November 2008

**Board of Directors
NSCS Facilities Corporation**

AGENDA

**November 14, 2008
Wayne State College
Wayne, Nebraska**

1. Roll Call
2. Approval of Agenda
3. Approval of Minutes from the November 16, 2007 Meeting
4. Acceptance of Audit
5. Acceptance of Annual Report
6. Adjournment

THE NEBRASKA STATE COLLEGE SYSTEM FACILITIES CORPORATION

**November 16, 2007
LINCOLN, NEBRASKA**

MINUTES

A meeting of the Nebraska State College System Facilities Corporation was called to order immediately following the Board of Trustees' meeting on Friday, November 16, 2007, at Chadron State College, Chadron, Nebraska by President, Bill Roskens.

Directors present were: Bill Roskens, President, Omaha; Larry Teahon, Chadron; Cap Peterson, Wayne; Gary Bieganski, Chadron; and Floyd Vrtiska, Table Rock.

Other corporation officers in attendance were: Carolyn Murphy, Managing Officer, Lincoln and Stan Carpenter, Secretary-Treasurer, Lincoln.

APPROVAL OF THE AGENDA

The meeting agenda was unanimously approved.

APPROVAL OF MINUTES

The minutes of the November 16, 2006 meeting were unanimously approved.

AUDIT REPORT

The audit report for the Facilities Corporation for the period from July 1, 2006 to June 30, 2007 was unanimously accepted.

ANNUAL REPORT

Carolyn Murphy, Managing Officer, briefly reviewed the annual report. A motion to accept the annual report was unanimously approved.

ADJOURNMENT – The meeting was adjourned at 10:16 a.m.

Respectfully submitted,

Carolyn Murphy
Managing Officer

Facilities Corporation

Bill Roskens, Chair

Larry Teahon

Gary Bieganski

Cap Peterson

Larry Teahon

Floyd Vrtiska

Michelle Suarez

November 14, 2008

**ACTION: Accept the Audit Report for the Facilities Corporation for the Period from
 July 1, 2007 to June 30, 2008**

The audit firm KPMG LLP conducted an audit of the Nebraska State Colleges Facilities Corporation covering the period July 1, 2007 to June 30, 2008. The fee negotiated for those services was not to exceed \$8,150 and will be paid from Corporation funds.

The audit includes financial activity related to LB 1100, LB 1, and LB605 bond issues. The information from this audit will be included in our state audit being performed by the Auditor of Public Accounts.

With the addition of LB605, there was increased activity in the Facilities Corporation this year. The appropriations and matching capital improvement fee funds were remitted to the bond trustees to pay principal and interest expenses. A few expenditures were made in LB1 and LB1100, completing most of the projects at the colleges. The increases in assets and liabilities reflect the issuance of LB605 bonds. The capital assets accrue to the colleges, while the debt remains a responsibility of the Facilities Corporation, resulting in the negative net assets (deficit) at the end of the year.

The letter to the Board of Directors indicates that, in the opinion of the auditors, the financial statements present fairly, in all material respects, the net assets (deficit) of the Facilities Corporation and the changes in financial position and cash flows for the year, in conformity with U.S. generally accepted accounting principles.

NEBRASKA STATE COLLEGES FACILITIES CORPORATION

Annual Report for Fiscal Year July 1, 2007 through June 30, 2008

Background Information

The organizational meeting of the Nebraska State Colleges Facilities Corporation was held on July 22, 1983. The corporation was formed in response to the passage of legislation (LB410) allowing the Board of Trustees to make certain renovations and land purchases at the colleges. The bill authorized the sale of long-term bonds to pay for projects, with the state obligating cigarette tax revenues to make the required principal and interest payments. The Facilities Corporation issued bonds in October of 1983 that were repaid by September of 1994.

From the first sale through 1997, the Facilities Corporation issued bonds amounting to \$36,065,000, including the following:

- 1987, for the purchase of computer equipment for the state college system;
- 1987, to renovate the Education Building at Peru State College and to add to and renovate the Cushing Coliseum at Kearney State College; and
- 1992, to build Gardner Business Building at Wayne State College

The last of the historical bonds matured in 1997, and an audit of the Facilities Corporation was conducted by KPMG Peat Marwick for the time period ending October 31, 1997. The report was accepted at the February 1998 meeting of the Board of Directors.

LB 1100 Bonds - 1999

In March of 1998, the Legislature approved and the Governor signed LB 1100, which appropriated \$400,000 annually to the Board of Trustees for a period of ten years beginning July 1, 1999 and continuing through the fiscal year ending June 30, 2009, to undertake maintenance, repair and renovation projects at the State Colleges. The appropriation for the current biennium is in LB320 (2007 session).

Matching funds are required by the Board of Trustees on a one-to-one basis up to \$400,000 per year, to a total of \$4 million. The matching funds are provided from the NSCS Capital Improvement Fund, which is derived from a per-credit-hour charge on all students attending a state college.

The Board of Trustees was authorized to enter into a contract to implement renovations and provide for the long-term payment of the costs. Contracts are not to extend beyond July 15, 2011 nor exceed the repayment capabilities implicit in the funding streams authorized by LB 1100. The bill authorizes expenditure of interest earnings from any fund created by LB 1100 for the purposes stated in the act. Any appropriated amounts or any matching funds or interest earnings in excess of the amounts required to meet debt service are to be accumulated and applied toward early retirement of debt as authorized under the indenture.

In June of 1999, the Board of Directors approved the bond resolution and related bond documents. Bonds in the amount of \$6,845,000 were sold in July of 1999. The bonds were given an "A" rating by Standard & Poor's, and the average coupon rate for the bond issuance was 4.81%.

LB 1100 Projects

A listing of eligible projects is shown in LB 1100, but funding constraints required the Board to select those projects from the list that would be undertaken. The initial round of projects approved by the Board from LB 1100 funding included the following:

Chadron Memorial Hall renovation	\$2,145,984
Peru Campus Services Building renovation/addition	1,912,720
Wayne Ramsey Theatre renovation	1,827,196
Wayne Relocate Broadcast Studio	295,000
Wayne Hahn Administration Asbestos Survey	40,000
Wayne Memorial Stadium Design/Development	<u>25,000</u>
Total	\$6,245,900

The initial LB 1100 Projects

Work on Memorial Hall at Chadron has been completed, and the building was rededicated in January 2002. The architect for the project was Bahr Vermeer and Haecker; and Fuller Construction of Chadron was the contractor. The renovation provided an upgrade of the heating, ventilating, and air conditioning systems in the building, a total renovation of second floor, and an addition of classroom space where an open atrium previously existed. The total project cost was \$2,531,428. Capital improvement fees and lease purchasing arrangements on equipment made up the differential between the total project cost and the LB1100 funding. The Task Force for Building Renewal also committed funding for sprinkler systems, fire and life safety needs, ADA access, and mechanical/electrical improvements.

The Peru State College Campus Services Building architect was The Clark Enersen Partners of Lincoln. Rogge-Davis Construction Company of Lincoln was the general contractor. The project is complete, and the building was dedicated on April 8, 2002.

The total cost was \$2,016,182, with institutional cash funds and capital improvement dollars supplementing the LB 1100 funds.

The Ramsey Theatre renovation at Wayne State College was completed by April of 2003. The project architect was Alley Poyner of Omaha, and the contractor was R. L. Fauss Builders. In addition to the allocation of LB 1100 funds designated by the Board of Trustees, the state provided \$972,624 for an addition to the theatre and to help address asbestos abatement in the existing facility. The project was improved with the addition of a basement under the addition, allowing handicapped accessibility, more efficient traffic patterns and additional classroom and rehearsal space. A significant gift from the Lied Foundation allowed for enhancement of the sound system, lighting, and other finish details for the project. The total cost for the project was \$3,346,820.

The Broadcast Studio, formerly housed in the basement of the Fine Arts Building, was moved to a newly renovated space on the fourth floor of the Humanities Building at Wayne State College. Alley Poyner was the architect, and Otte Construction, Inc. of Wayne was the contractor. During FY08, \$4,930 was spent on equipment for the broadcasting renovation project.

Wayne also used \$40,000 of LB 1100 funding for Hahn Administration Building miscellaneous projects and asbestos survey. The survey was completed. A new north door was installed on the first floor, 30-year-old carpeting was replaced, and new blinds installed. DLR Group completed the design/development document for the Wayne Memorial Stadium renovation, at a cost of \$25,000 from LB 1100 funding.

Second Round of LB 1100 Projects Approved by the Board

With the initial projects complete, a balance remained in the construction fund account. As permitted by the initial legislation, other projects were eligible for funding through the LB 1100 process under Section 6 (3) (p), which allowed "system-wide miscellaneous fire and life safety, energy conservation, deferred repair, federal Americans with Disabilities Act of 1990, and asbestos removal projects." On June 13, 2003, the Board of Trustees approved the allocation of funds for additional deferred maintenance projects as follows:

Chadron State College chilled water piping extension	\$250,000
Peru State College boiler replacement and upgrade of steam distribution system	155,463
Wayne State College improvements to Memorial Stadium and replacement of Rice Auditorium floor	<u>328,000</u>
Total	<u>\$733,463</u>

The allocation of the additional LB 1100 funds allowed the colleges to leverage further funding provided by the Task Force for Building Renewal (the 309 Task

Force). For the project at Chadron, new 309 funding of \$365,000 was committed. For the Peru boilers, the 309 Task Force added \$244,537. The second round projects, all begun during the 2003-04 fiscal year, are complete. The Peru boilers were installed by February of 2004. The chilled water absorption chiller installation was complete by July of 2004. The Rice Auditorium floor was in place by May of 2004.

Payments to Retire the LB 1100 Bonds

State General Fund payments of \$100,000, along with matching funds of \$100,000 from the NSCS's Capital Improvement Fund per quarter are made to our trustee, Wells Fargo Bank Nebraska, N.A. For the 2007-08 fiscal year, payments of \$200,000 each were transmitted in August, November, February, and May.

Wells Fargo made a principal and interest payment of \$760,913 on September 17, 2007 and an interest payment of \$54,180 on March 17, 2008, in accordance with the debt service schedule.

Current projections are that final funding from the state and capital improvement fees will be approximately \$83,000 short of making the final payment to bondholders in September, 2009. A deficit request is being submitted requesting that the final payment from the state (FY 2008-09) be increased by \$83,000 and the final payment from the state for LB 1 (FY 2008-09) be reduced by \$83,000. It is projected that more than adequate funds will remain in the LB 1 final payment to allow for this transfer.

LB 1100 Construction Fund

The *Construction Fund* had a balance of \$4,753 on June 30, 2007. Investment earnings in the amount of \$177 were added to bring the total amount available in the Construction Fund to \$4,930. Disbursements from the Construction Fund as of June 30, 2009 totaled \$4,930 for the final payments on the Broadcast Studio project. The resulting year-end balance on June 30, 2007 is \$0.

LB 1100 - Other Fund Balances

The June 30, 2008 balance in the *Bond Reserve Fund* has a cost value of \$729,622. The *Bond Fund* ended the year with \$559,994. The *Bond Principal and Interest Fund* had a \$0 balance at year-end.

The *General Fund* had a year-end balance of \$369. The *Rebate Fund* was initially established with \$75,000, in anticipation of rebate requirements. From that amount, a rebate liability of \$2,589 was paid on August 18, 2004. Expenses charged to the fund during 2007-08 were Wells Fargo trustee fees of \$1,500. The balance in the fund on June 30, 2008 was \$74,287.

LB 1 Bonds - 2002

In the October 2001 Special Session, the Legislature authorized the Facilities Corporation to enter into long-term financing contracts to complete already-approved projects at Wayne and Peru. An amount of \$586,769 was appropriated to meet interest payments in fiscal year 2002-03, and future funding of \$12,056,160 was referenced, indicating the Legislature's intent to appropriate \$2,009,360 for each fiscal year for six years, from fiscal year 2003-04 through 2008-09. The appropriation for the current biennium is in LB 320 (2007 session).

In January 2002, the Board of Directors authorized the issuance of LB1 bonds for the Library/ARC renovation project at Peru State College and the Energy Plant project at Wayne State College. On January 29, 2002, bonds in the amount of \$11,375,000 were issued, at a net interest cost of 3.99%. Ameritas Investment Corporation of Omaha was designated as Underwriter for the bonds; and Wells Fargo Bank Nebraska, N.A. is the Trustee. Lauren Wismer of Gilmore & Bell served as bond counsel.

LB 1 Projects

The *Peru Library/Old Gym renovation* began with the need to expand the size of the library at Peru State College. Numerous studies had been done over the years indicating the need for additional library space. In 1999, the Legislature appropriated \$115,400 for a revised program statement to explore the idea of turning the Old Gym into a new library and the old library into a classroom facility. Future funding of \$4,917,666 for the years beyond 2000-01 was indicated. In 2001, \$4,932,564 was appropriated, with future funding of \$1,547,445 beyond the 2001-2003 biennium indicated to complete the project. During 2001, the College won approval to change the scope of the project to convert the old library into an Academic Resource Center rather than classrooms and offices, with the planned classroom adjustments being made at other buildings, primarily A.V. Larson.

In October 2001, responding to the economic downturn, the Legislature reduced the appropriation for the Library/ARC project to \$210,919, the amount for which commitments had already been made, but allowed the Facilities Corporation to bond the entire remainder of the project over a six-year period.

The *Wayne Power Plant purchase, addition, and renovation project* was initially funded in 2001 as a deficit request. Proposals to continue purchasing service from Energy Systems, the owners of the privately held power plant on the campus, were not beneficial to the college. The plant was eventually purchased from Energy Systems at a cost of \$825,000. The deficit appropriation of \$3,803,877 was intended to pay the purchase price of the plant and renovate it to serve the college into the future.

In October of 2001, the appropriation for this project was reduced to \$279,939, leaving only the amount already committed. The LB 1 language allowing the Facilities Corporation to sell bonds included the Wayne power plant project.

Status of the LB 1 Projects

The Library at Peru is now a highly used campus “living room.” The official dedication took place in the fall of 2003. The Academic Resource Center and connecting link were completed in January of 2004, with dedication occurring in conjunction with the April meeting of the Board of Trustees on the Peru campus. The architect for the project was The Clark Enersen Partners, and the contractor was A.H.R.S. Construction from Bern, Kansas.

The Wayne Power Plant project was completed in April of 2003. The engineer for the project was Leo A Daly, and the contractor was Ryan and Associates. The award of a Task Force for Building Renewal project to provide heating/ventilating and air conditioning renovations at Rice Auditorium enabled Wayne State to complete a steam and chilled water piping loop from the power plant that provides redundancy and will serve the campus well in the future.

In June of 2004, the Board approved the final costs for the LB 1 projects that were funded from the bond issue; i.e., PSC Library/ARC - \$6,723,600 and WSC Power Plant - \$4,124,885, for a total of \$10,848,485. Through direct appropriations from the state, as explained above, the PSC project included another \$326,319, and the WSC project included an additional \$279,939. Due to the low interest rates obtained through the bond issuance, interest earnings on construction funds, and prompt completion of the projects avoiding the costs of arbitrage, PSC realized \$419,500 for the Library/ARC project above the estimated project cost cited in LB1309 (2002). Further, PSC’s initial cash investment of \$35,010 for planning was reimbursed from bond funding. For the WSC power plant, \$600,947 above the estimate in LB1309 was added to the project.

Payments to Retire the LB 1 Bonds

An interest payment of \$109,333 was made to bondholders on September 4, 2007, and a principal and interest payment of \$1,899,333 was made on March 3, 2008. Appropriations to cover bond repayments for the current biennium were included in LB320 (2007 session).

Current projections are that final funding from the state will be more than adequate to make the final payment to bondholders. A deficit request is being submitted requesting that the final payment from the state for LB1100 (FY 2008-09) be increased by \$83,000 and the final payment from the state for LB 1 (FY 2008-09) be reduced by \$83,000.

LB 1 Construction Fund

The beginning balance in the Construction Fund invested with Wells Fargo was \$12,242. Over the fiscal year, \$301 in investment earnings were credited to the Construction Fund. Expenditures of \$8,946 were made for the PSC Library/ARC project and \$3,597 for the WSC Energy Plan project, leaving a June 30, 2008 balance of \$0 in the Construction Fund.

LB 1 – Other Fund Balances

The Bond Fund had a balance of \$35,966 on June 30, 2008, the Bond Fund P & I stood at \$4,192, and the General Fund showed a year-end balance of \$73,214. The Bond Reserve Fund had a year-end balance at Wells Fargo of \$790,164; and an additional \$442,553 is invested in the STIP fund. There is no rebate fund for the LB 1 bonds. Based on our most recent arbitrage review, the twenty-four month spending exception report was completed through January 29, 2004. The spending exception was met and no further calculations or filings are required on the available construction proceeds. An update of the rebate calculation for the Reserve Fund was completed as of December 31, 2006, the five-year anniversary of the bond issue. The report indicates that no arbitrage payment is due and no filing with the IRS is necessary at this time. The final arbitrage calculation will be as of the March 1, 2009 maturity date.

LB605 Bonds - 2006

In April of 2006, the Legislature approved and the Governor signed LB 605, which appropriated \$1,125,000 annually to the Board of Trustees for a period of fourteen years beginning July 1, 2006 and continuing through the fiscal year ending June 30, 2020, to undertake maintenance, repair and renovation projects at the State Colleges. Matching funds are required by the Board of Trustees in the amount of \$200,000 in 2006-07, \$400,000 in 2007-08, \$600,000 in 2008-09 and \$1,200,000 for each of the remaining 11 years. The matching funds are provided from the State Colleges' Capital Improvement Fund, which is derived from a per-credit-hour charge on all students attending a state college.

In August, 2006, the Board of Directors approved the bond resolution and related bond documents. Bonds in the amount of \$21,915,000 were issued. The bonds were given an "A" rating with a stable outlook by Standard and Poor's and an "A2" rating with a stable outlook by Moody's. The average coupon rate for the bond issue was 4.32%. Ameritas Investment Corporation was designated as Underwriter for the bonds; and Wells Fargo Bank Nebraska, N.A. is the Trustee. Lauren Wismer of Gilmore & Bell served as bond counsel.

LB605 Projects

A listing of eligible projects is shown in LB605. It states “the Board of Trustees of the Nebraska State college is authorized to make expenditures for the State college Facilities Program of 2006 for the following state college projects: (a) Deferred maintenance, repair, and renovation of Chadron State College Academic/ Administration Building; (b) design and placement of a new Peru State College emergency power generator; (c) replacement of existing Peru State College Al Wheeler Activity Center bleachers; (d) addition to Wheeler Activity Center; (e) addition to and deferred maintenance, repair, and renovation of Wayne State College Campus Services buildings; (f) deferred maintenance, repair, and renovation of Wayne State College Rice Auditorium; (g) deferred maintenance, repair, and renovation of Wayne State College Memorial Stadium; and (h) systemwide miscellaneous fire and life safety, energy conservation, deferred repair, federal Americans with Disabilities Act of 1990, and asbestos removal projects.”

The initial round of projects approved by the Board from LB 605 funding included:

Chadron Academic/Administration Building renovation	\$ 4,681,357
Peru emergency power generator	802,500
Peru Al Wheeler Activity Center bleachers replacement	167,990
Peru Al Wheeler Activity Center renovation/addition	4,846,933
Wayne Campus Services Building renovation/addition	4,981,587
Wayne Memorial Stadium/Rice Auditorium lower level renovation	<u>3,610,671</u>
	\$19,091,038

At its June, 2007 meeting, the Board approved an allocation for the Wayne Street Improvement Project as well as additional allocations for each of the other projects as follows:

Wayne Street Improvement Project	\$1,516,000
Chadron Academic/Administration Building renovation	183,965
Peru emergency power generator	30,000
Peru AWAC renovation/addition & bleachers replacement	215,550
Wayne Campus Services Building renovation/addition	203,879
Wayne Memorial Stadium/Rice Auditorium lower level renovation	155,940

At its June, 2008 meeting, the Board approved additional allocations as follows:

CSC Street/Drainage Improvement	\$ 500,000
PSC Al Wheeler Activites Center project	300,000
WSC Carhart Science	500,000

With these additions, the current projects approved from LB605 are as follows:

Chadron Academic/Administration Building renovation	\$ 4,865,322
Chadron Street/Drainage Improvement	500,000
Peru emergency power generator	832,500
Peru AWAC renovation/addition & bleachers replacement	5,530,473
Wayne Carhart Science	500,000
Wayne Campus Services Building renovation/addition	5,185,466
Wayne Memorial Stadium/Rice Auditorium lower level renovation	3,766,611
Wayne Street Improvement Project	<u>1,516,000</u>
	\$ 22,696,372

Updates on Project Status

The Chadron State College Academic/Administration Building project provides for full renovation of the Academic/Administration building. The project is underway and beyond the 50% mark in construction as of June 30, 2008. Project architect is Bahr Vermeer and Haecker and the contractor is Fuller Construction.

The Chadron State Street/Drainage Improvement project will provide for street improvements as well as curb and gutter improvements. The project is currently in the planning stages. Coe Engineering is the project consultant.

The Peru State College Emergency Power Generator project provides emergency power generation for three vital buildings on the campus in the event of catastrophic power failure. The project is substantially complete. Project consultant is Leo A Daly and the contractor is Rogge Construction.

The Peru State College Al Wheeler Activity Center Renovation/Addition and Bleachers Replacement project will offer students and staff of Peru State College a newly remodeled and expanded athletic facility, including new spectator bleachers for varsity athletic events. The project is nearing substantial completion. Project architect is The Clark Enersen Partners and the contractor is Lueder Construction.

The Wayne State College Campus Services Building Renovation/Addition project will provide for combined facility support operations at the college in modernized and expanded facilities as well as provide for campus network services. The project is now substantially complete. Architect for the project is Alley Poyner and the contractor is RaDec Construction.

The Wayne State College Memorial Stadium and Rice Auditorium Improvements will renovate the lower level of Rice Auditorium for academic offices and classroom space, and will also renovate Memorial Stadium for use as a weight room, locker rooms, and coaches' offices. Construction is beyond the 50% mark as of June 30,

2008. Leo A Daly is the project consultant and Otte Construction is the contractor for this project.

The Wayne State College Street Improvement project includes reconstruction of two primary access points for the college as well as improvements to existing streets and curbs. The project is now complete. Project architect is The Clark Enersen Partners and the contractor is Castle Construction Inc.

The Wayne State College Carhart Science renovation project is the first phase of multiple phases of renovation planned for the building. Phase I includes funding from LB605, the LB309 building renewal task force, college cash funds, and privately raised funds. The project consultant is The Clark Enersen Partners with the contractor yet to be determined.

Payments to Retire LB605 Bonds

A principal and interest payment of \$968,362 was made on July 16, 2007. An interest payment of \$459,487 was made on January 15, 2008.

LB605 Construction Fund

The initial deposit into the LB605 Construction Fund was \$21,778,193. As of June 30, 2008 there were \$17,076,705 in accumulated expenditures for construction projects. With interest earnings added to the account, the balance in the Construction Funds on June 30, 2007 was \$6,957,031.

Other LB605 Funds

The Debt Service fund had a balance on June 30, 2007 of \$991,539. No Debt Service Reserve Fund is required because of bond insurance that was purchased in lieu of establishing a Debt Service Reserve.

Audit

In March of 2008, the Board approved extending the contract for KPMG to perform the audit for the Facilities Corporation for the year ending June 30, 2008. This is the fourth year of having the Facilities Corporation audit completed by a private auditing firm. For the several years prior to that, audit work for the Facilities Corporation had been accomplished by the Nebraska Auditor of Public Accounts (APA) in conjunction with our state audit. Since that portion of the NSCS audit work seemed to create a matter of concern in negotiating with the APA, having the work done by a private auditor was deemed the most expeditious way to accomplish our audits beginning in FY2004-05.

KPMG has completed the audit at a cost of \$8,400, and it is presented for the acceptance of the Board of Directors at this meeting. The report states that the auditors found that the financial statements “present fairly, in all material respects, the net assets (deficit) of the Nebraska State Colleges Facilities Corporation as of June 30, 2008, and the changes in its financial position and cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.”

Respectfully submitted,

Carolyn Murphy
Managing Officer